

Message Text

CONFIDENTIAL

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C O N F I D E N T I A L MOSCOW 1638

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FOR GARRISON FROM MATLOCK

E.O. 11652: GDS
TAGS: OGEN
SUBJECT: OFFICIAL-INFORMAL

1. STATE 26043 WAS MOST USEFUL IN CLARIFYING CURRENT U.S. AVIATION POLICY (PARA 3). WE HAD SOMEHOW MISSED FACT THAT ADMINISTRATION HAD CHANGED WHAT USED TO BE FIRM U.S. POSITION OF NOT LINKING SCHEDULED AND CHARTER SERVICES. PLEASE KEEP US IN MIND AS THERE ARE MAJOR CHANGES IN POLICY RELEVANT TO OUR CONCERNS HERE. PROMPT NOTIFICATION WILL ASSIST CONSIDERABLY IN DEVELOPING RELEVANT COMMENT. ALTHOUGH WE HAVE NO MAJOR QUARREL WITH CURRENT DRAFT PROPOSAL, WE DO FEEL THAT CHANGES IN U.S. POSITION OVER PAST FEW YEARS HAVE WEAKENED OUR ABILITY TO OBTAIN TRULY EQUITABLE ARRANGEMENTS FOR U.S. AIRLINES HERE. IF WE CAN DEVELOP VIABLE APPROACH AND STICK WITH IT FOR A FEW YEARS WE CAN PROBABLY GAIN MOST OF WHAT WE NEED. BUT THIS WILL TAKE PERSISTENCE.

2. IN ALL OF THIS WE WOULD HOPE THAT NO ONE WILL FORGET THAT FOR SOVIETS VALUE OF AEROFLOT SERVICES TO U.S. GOES FAR BEYOND COMMERCIAL CONSIDERATIONS. THEY WANT BOTH WASHINGTON AND N.Y. FOR POLITICAL AND PRESTIGE REASONS, AND IF NECESSARY, WILL BE WILLING TO PAY SOMETHING IN COMMERCIAL AREA FOR THIS. (SO FAR, CONFIDENTIAL

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THEY HAVE GOTTEN BEST OF BOTH SIDES.) SINCE CHARTER MARKET IS ALMOST 100 PERCENT U.S., WE ARE CHAGRINED TO SEE US PAYING MORE THAN WE SHOULD FOR CHARTERS. ALSO, OUR CIVIL AIR RELATIONS WILL NEVER BE SATISFACTORY UNTIL WE CAN PUT SCHEDULED SERVICES ON A REASONABLE BASIS, ONE WHICH CONTAINS SOME FORMULA LINKING THEIR EARNINGS TO OURS FROM THESE SERVICES.

3. WE FRANKLY FEAR THAT THE LATEST PROPOSAL WILL CONTRIBUTE NOTHING TO SOLVING THIS PROBLEM. HOWEVER, IF POOLING IS EXCLUDED, WE HAVE NO BRIGHT IDEAS FOR SOLVING IT, AND GIVEN PAN AM'S INEPTITUDE, WE ARE NOT SURE IT COULD TAKE FULL ADVANTAGE OF WHATEVER DEAL WE COULD STRIKE. THEREFORE, IF WE CAN GET AGREEMENT ON OUR PROPOSAL, FINE, BUT WE SHOULD NOT ACCEPT THE INEVITABLE SOVIET EFFORT TO WHITTLE IT DOWN. UNFORTUNATELY, OUR PROPOSAL WAS SO GENEROUS THAT IT LEAVES US WITH ALMOST NO FALL BACK. HENCE, OUR OFFER MUST BE REGARDED AS TAKE IT OR LEAVE IT.

4. RE STATE 24654 WE CANNOT AGREE THAT THE JUNE 29 PROTOCOL ON THE SUPERCONDUCTING TRANSMISSION PROJECT DOES NOT ADDRESS ITSELF TO SPECIFIC VISITS. WE NOTE THAT THE PROTOCOL LISTS THREE SOVIET ORGANIZATIONS (VNIKP, ENIN, VEI), NONE OF WHICH HAS A MANUFACTURING CAPABILITY. IT SHOULD BE CRYSTAL CLEAR TO ALL COOPERATING AGENCIES CONCERNED THAT WE CANNOT REQUIRE THE SOVIETS TO FULFILL PROGRAMS WHICH HAVE NOT BEEN AGREED TO IN JOINTLY SIGNED DOCUMENTS. IF MANUFACTURING FACILITY VISITS WERE SUFFICIENTLY CENTRAL TO THIS PROJECT THAT DOE IS CONSIDERING CANCELLING A VISIT BECAUSE OF IT, THEN IT IS UNCONSCIONABLE THAT DOE DID NOT GET IT INTO THE PROTOCOL IN THE FIRST PLACE - OR, IN OFFERING MANUFACTURING FACILITIES IN US, THAT THEY DID NOT GET WRITTEN ASSURANCES OF RECIPROCITY AT THAT TIME. THE SOVIETS ARE ALWAYS LEGALISTIC WHEN IT SUITS THEIR PURPOSES, WHICH IS WHY WE INVARIABLY COUNSEL THE UTMOST CARE IN NEGOTIATING PROJECTS. WE CAN USE SUCH LEGALISM TO OUR ADVANTAGE IF CONFIDENTIAL

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WE THINK AHEAD.

5. FOR TREICHEL: RE GCA. SCST, MINGEOLOGY AND ACADEMY OF SCIENCE ARE PASSING BUCK AROUND CIRCLE. AS YOU UNDOUBTEDLY AWARE, QUESTION OF SURVEYS IN ECONOMIC ZONES OR ACROSS INTERNATIONAL BOUNDRIES IS SENSITIVE ONE FOR SOVIETS. WE ALSO HAVE NO ASSURANCE THAT SOVIETS IN FACT INTERESTED. WE MAY KNOW MORE AFTER MEETINGS IN SCST AND ACADEMY FEBRUARY 3.

6. HAVE JUST SEEN KURSCH ASSIGNMENT. LONG PERIOD OVERCOMPLE-
MENT IS NOT GOING TO SIT WELL WITH STAFF HERE, UNLESS DON IS REASONABLY ENTHUSIASTIC. WHAT GIVES?

7. COPIES OF MEMCONS OF STEVENSON'S CONVERSATIONS WITH PATOLICHEV, ORUDZHEV AND ALKHIMOV WERE POUCHED TO BILL EDGAR ON JANUARY 28.
MATLOCK

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